American Banker

The Daily Financial Services News

VOL. CL NO. 201 | Tuesday, October 15, 1985 | 150th Year

C0175-1

1553890000015 12/23/85 C11
STATISTICAL REFERENCE INDEX
JOHN P KENNEDY
4520 EAST - WEST HIGHWAY
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TODAY

MARKETING TODAY

MARKETING TODAY: A St. Petersburg bank has doubled its net loans and increased deposits through an advertising campaign that takes pity on the rich . . . A federal grand jury has indicted several officers and shareholders of a defunct Kentucky bank on fraud charges... 14

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AN AMERICAN BANKER SPECIAL REPORT

In the Great Interstate Debate, Consumers' Concern Is Service

"We are not going to get excited about changes in the banking system which merely give us a choice of 11 banks which hold our checks for three weeks, instead of the 10 banks which already hold our checks for three weeks."

— Alan Fox, legislative representative of the Consumer Federation of America, testifying before Congress in April on interstate banking.

By JAY ROSENSTEIN

WASHINGTON — Consumers of the future probably will think of our present limits on interstate banking in much the same way that we now think of the icebox, the Pony Express, and the doctor's house call.

Our interstate banking regulations

some day will be shipped in cardboard boxes to the National Archives, to be studied intensely by historians instead of loophole lawyers.

But the current rules likely will be replaced by new ones that will include a variety of consumer protections.

It is much too soon to predict what

➤ Interstate: Page 22

This is the second article in a four-part series on interstate banking issues.

Wish List and Nix List

DREAMS

- Better service and lower prices.
- More loans for small business and neighborhood revitalization.
- Better consumer protection enforcement by the government.

NIGHTMARES

- Funds exported from the local community.
- Corporations and wealthy individuals getting priority service, the poor getting less.
- Long-distance management that makes a bank unresponsive to local needs.
- Banks that have too much political and economic power.
- Banks that are too big to be effectively regulated.

Comment

A Note on Credit Cards

By SANFORD ROSE

Why did Manufacturers Hanover cut its credit card rate to 17.8%? Such an action will obviously reduce the returns on credit card assets, which have been running at an estimated 400 to 500 basis points pretax. The bank will still garner a mightily healthy profit, but considering that Manny Hanny has one of the weakest bankwide ROAs in New York, its price-cutting action would seem inadvisable.

Some say that Manny Hanny was reacting to regulatory and political pressure to lower credit card charges. It was in effect serving notice that banks don't need more regulation; they can self-regulate in a responsible way. Others argue that congressional action is at best a remote possibility and that Manny Hanny cut the rate simply to get more business.

But the credit card customer is not especially rate sensitive, and those customers who are rate sensitive don't borrow with credit cards.

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Minority Banks Maintain Growth Despite Problems

By KENNETH J. HICKS

NEW YORK — Bolstered by their relatively strong growth in deposits, assets, and net loans, commercial banks owned by minorities were able to hold their own this year against other commercial banks. However, the problems that previously plagued these commu-

Minority-Owned Banks List, Page 8

nity-based banks still exist.

For this year and the remainder of the 1980s, minority banks are calling for, among other things, a more aggressive strategy to acquire business outside of the traditional community base to counter problems of size, deregula-

➤ Minority: Page 12

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SECURITY PACIFIC BROKERS, INC.

Minority-Owned Commercial Banks in the United States *

(Geographically Listed by State)

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As of December 31, 1984

	Deposits 12/31/84	Deposits 12/31/83	Assets 12/31/84	Assets 12/31/83	Net Income 1984	Net Income 1983	Net Loans 12/31/84	Net Loans 12/31/83
ALABAMA								
Commonwealth National Bank, Mobile (b)	6,657,000	7,034,000	7,852,000	8,091,000	153,000	82,000	2,149,000	3,026,000
ALASKA								
United Bank Alaska, Anchorage (d)	320,743,000	259,684,000	385,013,000	303,054,000	5,513,000	4,152,000	283,265,000	210,524,000
AMERICA SOMOA								
Amerika Somoa Bank, Pago Pago (e)	15,194,000	12,146,000	17,520,000	14,042,000	328,000	N.A.	12,051,000	N.A.
CALIFORNIA								
Cathay Bank, Los Angeles (a)	248,061,062	230,089,000	276,545,229	250,144,000	2,236,310	2,100,000	140,312,645	116,437,000
Far East National Bank, Los Angeles (a)	67,276,000	54,854,000	78,416,000	74,550,000	963,000	870,000	44,114,000	30,723,000
Los Angeles National Bank (c)	108,926,000	42,827,000	115,602,000	50,529,000	(544,000)	(165,000)	50,536,000	19,945,000
Pan American Bank, Los Angeles (c)	28,883,000	30,851,000	32,234,000	33,906,000	244,000	5,000	13,945,000	13,176,000
United Pacific Bank, Los Angeles (a)	20,830,000	15,726,000	27,343,000	20,953,000	321,000	(48,000)	16,945,000	11,860,000
Omni Bank NA, Monterey Park (e)	90,165,000	74,856,000	98,953,000	82,895,000	552,000	(23,000)	59,174,000	49,024,000
Bank of Oakland (b)	13,782,000	8,687,000	15,418,000	10,214,000	41,000	(536,000)	9,616,000	4,907,000
First Enterprise Bank, Oakland (b)	43,013,000	83,137,000	43,809,000	90,788,000	(1,120,000)	(807,000)	18,391,000	23,522,000
California National Bank, San Francisco (a)	51,366,328	45,020,000	58,166,804	55,242,000	(562,800)	(681,000)	39,539,029	34,968,000
Golden Gate Bank, San Francisco (f)	11,304,000	10,673,000	12,339,000	12,175,000	(498,000)	72,000	8,082,000	8,075,000
Mission National Bank, San Francisco (b)	16,773,000	14,704,000	20,230,000	18,187,000	(55,000)	15,000	11,950,000	9,979,000
Pacific Heritage Bank, Torrance (a)	25,761,000	19,691,000	30,573,000	23,716,000	187,000	131,000	18,688,000	10,119,000
United American Bank, Westminster	8,699,000	N.A.	10,758,000	N.A.	(107,000)	N.A.	5,329,000	N.A.
COLORADO								
Chaves Industrial Bank, Denver (c)	3,196,122	619,000	3,556,182	1,105,000	60	N.A.	2,149.509	N.A.
Women's Bank NA, Denver (f)	39,129,000	34,441,000	43,959,000	38,791,000	677,000	566,000	24,721,000	19,109,000
CONNECTICUT								
Connecticut Community Bank, Greenwich (f)	22,576,000	16,874,000	25,146,000	19,136,000	161,000	95,000	18,848,000	12,518,000
DISTRICT OF COLUMBIA								
American Indian National Bank (d)	22,075,000	21,890,000	26,425,000	26,099,000	130,000	150,000	8,436,000	5,781,000
Capital Bank NA (c)	42,988,000	39,315,000	56,294,000	45,364,000	282,000	238,000	27,111,000	21,305,000
Industrial Bank of Washington (b)	68,018,000	63,058,000	73,098,000	68,317,000	341,000	1,275,000	33,841,000	32,905,000
United National Bank of Washington (b)	59,954,000	64,121,000	65,016,000	68,446,000	373,000	313,000	33,069,000	26,235,000
Women's National Bank (f)	21,751,000	17,251,000	24,326,000	19,297,000	(215,000)	(494,000)	15,673,000	8,537,000
FLORIDA								
Alliance National Bank, Miami (e)	12,061,000	10,824,000	13,792,000	12,448,000	(2,000)	(170,000)	4,307,000	3,552,000
Bank of Miami (c)	303,431,589	289,866,000	338,217,090	349,205,000	(231,696)	739,000	151,144,840	137,862,000
Capital Bank, Miami (c)	457,072,478	N.A.	539,399,470	N.A.	6,447,286	N.A.	274,004,080	N.A.
Continental National Bank, Miami (c)	89,126,000	81,231,000	106,325,000	94,765,000	345,000	304,000	37,956,000	33,536,000
Hemisphere National Bank, Miami (c)	26,798,000	22,567,000	29,190,000	25,172,000	165,000	137,000	12,379,000	9,808,000
M Bank, Miami (e)	25,408,000	21,000,000	28,183,000	23,000,000	(809,000)	N.A.	9,368,000	N.A.
Peoples National Bank of Commerce, Miami (b)	17,519,596	18,778,000	17,726,173	21,727,000	(1,069,842)	281,000	11,264,884	11,649,000
Sunshine State Bank, South Miami (c)	104,354,000	109,628,000	111,671,000	118,366,000	(1,757,000)	446,000	64,899,000	69,592,000
Palm Beach Lakes Bank, West Palm Beach (b)	14,342,046	10,425,000	15,780,462	11,600,000	31,000	66,000	5,998,741	2,298,000
GEORGIA								
Citizens Trust Bank, Atlanta (b)	71,327,000	55,144,000	81,848,000	63,705,000	744,000	615,000	25,420,000	20,554,000
Carver State Bank, Savannah (b)	18,336,000	19,303,000	21,804,000	21,697,000	190,000	141,000	13,370,000	14,100,000
GUAM								
Bank of Guam, Agana (e)	144,328,000	139,480,000	170,535,000	159,882,000	3,027,000	N.A.	98,736,000	N.A.
HAWAII								
Bank of Honolulu (e)	51,744,532	51,249,000	56,056,247	55,851,000	83,111	18,000	31,096,066	31,768,000
Bank of Maui, Kahului (e)	9,046,466	8,188,000	9,877,870	9,378,000	(361,590)	(289,000)	5,707,421	5,301,000
ILLINOIS								
Community Bank of Lawndale, Chicago (b)	21,981,895	17,385,000	25,620,667	20,606,000	188,614	201,000	14,629,224	9,254,000
Highland Community Bank, Chicago (b)	39,524,000	38,543,000	44,412,000	42,636,000	518,000	422,000	14,126,000	14,749,000
Independence Bank, Chicago (b)	70,484,000	73,408,000	83,485,000	93,418,000	541,000	601,000	41,114,000	36,760,000
National Republic Bank, Chicago	35,090,000	N.A.	36,731,000	N.A.	(75,000)	N.A.	11,143,000	N.A.
Seaway National Bank, Chicago (b)	92,944,822	94,113,000	103,203,218	107,741,000	1,003,335	1,018,000	37,226,451	34,851,000
INDIANA								
Industrial National Bank, East Chicago (c)	8,897,000	6,697,000	9,501,000	7,265,000	50,000	17,000	5,695,000	3,684,000
Midwest National Bank, Indianapolis (b)	54,186,000	47,423,000	60,329,000	54,329,000	389,000	315,000	47,376,000	39,740,000
KANSAS								
Dougals Bank, Kansas City (b)	22,094,293	21,443,000	24,300,462	23,435,000	279,785	98,000	7,662,579	5,153,000
KENTUCKY								
Continental National Bank of Ky., Louisville (b)	18,443,000	14,951,000	20,305,000	16,279,000	(477,000)	129,000	8,006,000	7,906,000
LOUISIANA								
Liberty Bank & Trust Co., New Orleans (b)	41,340,000	43,465,000	47,203,000	51,836,000	432,000	204,000	22,771,000	23,071,000
Security National Bank, Shreveport (b)	15,294,000	13,398,000	18,986,000	18,095,000	(388,000)	239,000	10,757,000	8,911,000
MARYLAND								
Harbor Bank of Maryland, Baltimore (b)	11,128,000	8,213,000	13,120,000	10,076,000	23,000	(124,000)	7,682,000	3,476,000
Universal Bank, Glenarden (b)	7,710,000	6,320,000	8,649,000	8,202,000	(31,000)	(22,000)	3,120,000	2,051,000
First Women's Bank of Maryland, Rockville (f)	32,593,400	28,479,000	36,120,533	31,565,000	202,396	212,000	15,802,806	11,758,000
MASSACHUSETTS								
Boston Bank of Commerce (b)	14,515,000	9,977,000	16,200,000	12,325,000	(110,000)	(1,134,000)	9,751,000	2,362,000
Liberty Bank & Trust Co., Boston (a)	20,383,000	20,931,000	23,936,000	23,940,000	302,000	157,000	10,825,000	7,991,000
MICHIGAN								
First Independence National Bank, Detroit (b)	52,640,000	52,926,000	61,232,000	61,019,000	716,000	708,000	17,198,000	16,572,000
MISSOURI								
Gateway National Bank, St. Louis (b)	20,803,000	14,679,000	22,369,000	16,234,000	154,000	24,000	10,308,000	8,241,000
NEBRASKA								
Community Bank of Nebraska, Omaha (e)	9,226,000	7,070,000	10,750,000	9,017,000	(49,000)	84,000	7,066,000	5,138,000
NEW JERSEY								
City National Bank of New Jersey, Newark (b)	37,671,236	49,214,000	44,989,126	53,614,000	440,544	311,000	10,452,085	9,798,000
NEW MEXICO								
Plaza National Bank, Albuquerque (c)	14,592,632	17,297,000	15,890,338	18,728,000	(111,829)	12,000	8,969,210	9,606,000
El Pueblo State Bank, Espanola (c)	27,194,000	25,407,000	30,347,000	28,153,000	1,655,000	25,000	17,234,000	17,579,000
Western Bank, Santa Fe (c)	22,103,981	22,772,000	26,694,667	27,629,000	336,479	342,000	17,242,234	15,120,000
Centinal Bank, Taos (c)	28,061,256	28,607,000	31,595,319	31,949,000	207,362	184,000	19,743,529	20,527,000
NEW YORK								
New York National Bank, Bronx (e)	42,764,000	16,767,000	46,750,000	19,417,000	139,000	100,000	23,170,000	10,427,000
Banco Popular de Puerto Rico, New York (c)	121,265,000	116,600,000	193,319,000	133,300,000	(3,528,000)	N.A.	64,471,000	N.A.
Capital National Bank of New York (c)	61,599,712	51,311,000	66,961,856	55,388,000	657,015	337,000	45,823,106	36,438,000
First Women's Bank, New York (f)	40,259,000	32,638,000	43,323,000	37,552,000	299,000	72,000	17,662,000	12,368,000
Freedom National Bank, New York (b)	75,469,000	65,013,000	99,667,000	91,892,000	502,000	121,000	32,753,000	40,468,000

* — Minority-owned institutions which are eligible for the Government Minority Bank Deposit Program. (a) — Asian American-owned; (b) — Black-owned; (c) — Hispanic American-owned; (d) — Native American-owned; (e) — Multi-racial-owned; (f) — Women-owned; (g) — Declared insolvent by the Comptroller of Currency on June 26, 1985.

Continued on Page 10

Minority-Owned Commercial Banks in the United States *

(Geographically Listed by State)

Compiled by American Banker Copyright 1985

As of December 31, 1984

Continued from Page 8

	Deposits 12/31/84	Deposits 12/31/83	Assets 12/31/84	Assets 12/31/83	Net Income 1984	Net Income 1983	Net Loans 12/31/84	Net Loans 12/31/83
NORTH CAROLINA								
Mechanics and Farmers Bank, Durham (b)	57,359,000	53,183,000	64,476,000	59,077,000	575,000	469,000	29,123,000	27,777,000
United National Bank, Fayetteville (b)	4,472,000	3,797,000	4,653,000	3,949,000	7,000	(217,000)	1,216,000	1,506,000
Greensboro National Bank (b)	15,382,000	11,232,000	17,082,000	12,722,000	84,000	(267,000)	5,740,000	5,062,000
Lumbee Bank, Pembroke (d)	10,973,000	8,930,000	12,374,000	10,184,000	148,000	117,000	7,029,000	5,513,000
OHIO								
First Bank NA, Cleveland (b)	51,547,000	50,627,000	79,254,000	148,411,000	(549,000)	154,000	21,096,000	22,103,000
Unity Bank, Dayton (b)	9,836,836	11,073,000	10,507,770	11,577,000	75,364	(108,000)	2,713,395	2,380,000
Hamilton County State Bank, Lockland (b)	9,478,973	20,860,000	11,833,752	23,778,000	601,616	(95,000)	2,509,594	7,178,000
OKLAHOMA								
Medical Center State Bank, Oklahoma City (b)	11,594,000	11,306,000	12,695,000	13,248,000	(100,000)	216,000	6,453,000	5,990,000
American State Bank, Tulsa (b)	15,010,019	21,809,000	16,492,240	23,614,000	(255,073)	210,000	6,362,096	6,013,000
OREGON								
American State Bank, Portland (b)	12,967,000	12,799,000	15,780,000	14,598,000	199,000	141,000	6,512,000	5,644,000
PENNSYLVANIA								
New World National Bank, Pittsburgh (b)	16,488,399	8,009,000	17,793,025	9,150,000	110,949	78,000	2,081,063	1,598,000
SOUTH CAROLINA								
Victory Savings Bank, Columbia	14,227,000	N.A.	15,367,000	N.A.	94,000	N.A.	7,314,000	N.A.
TENNESSEE								
Tri State Bank, Memphis (b)	10,448,000	34,841,000	42,420,000	38,670,000	(489,000)	541,000	17,155,000	14,369,000
Citizens Savings Bank & Trust Co., Nashville	34,091,000	34,402,000	36,949,000	36,927,000	(397,000)	47,000	17,487,000	18,694,000
TEXAS								
Brownsville National Bank (c)	50,312,000	41,221,000	55,905,000	45,987,000	608,000	602,000	24,909,000	20,780,000
Nueces National Bank, Corpus Christi (c)	16,994,000	13,199,000	19,955,000	17,804,000	142,000	197,000	9,560,000	7,339,000
First Texas Bank, Dallas (b)	63,468,000	51,254,000	71,605,000	59,422,000	1,428,000	970,000	46,514,000	34,322,000
Pan American National Bank, Dallas (f)	29,510,000	39,150,000	35,126,000	43,999,000	128,000	1,236,000	21,717,000	19,558,000
Sunbelt National Bank, Dallas (b)	13,821,000	1,655,000	15,378,000	3,240,000	(65,000)	(130,000)	11,648,000	99,000
Continental National Bank, El Paso (c)	51,353,000	49,652,000	56,372,000	54,396,000	(742,000)	(96,000)	18,024,000	15,828,000
Asian American National Bank, Houston (a)	15,317,000	7,836,000	18,202,000	9,811,000	458,000	(501,000)	13,447,000	6,192,000
Riverside National Bank, Houston (b)	16,881,000	19,089,000	18,159,000	20,975,000	(586,000)	(155,000)	12,026,000	9,431,000
Commerce Bank NA, Laredo (c)	27,813,404	N.A.	30,767,201	N.A.	164,455	N.A.	11,666,753	N.A.
International Bank of Commerce, Laredo (c)	409,081,000	338,523,000	440,314,000	364,141,000	4,033,000	3,837,000	170,989,000	134,207,000
South Texas National Bank, Laredo (c)	38,191,000	30,466,000	44,088,000	32,352,000	479,000	258,000	13,415,000	11,319,000
Metropolitan National Bank, McAllen (c)	25,537,088	21,592,000	27,002,670	24,092,000	467,814	290,000	16,973,165	16,814,000
Plaza Bank NA, San Antonio (c)	13,268,769	14,678,000	14,451,426	15,776,000	37,775	330,000	6,922,476	6,573,000
Zapata National Bank (c)	40,888,365	36,870,000	44,713,636	40,543,000	467,000	520,000	24,527,285	22,470,000
VIRGINIA								
First State Bank, Danville (b)	13,046,000	11,581,000	17,832,000	14,573,000	312,000	334,000	7,690,000	7,035,000
Atlantic National Bank, Norfolk (b)	19,129,000	15,655,000	20,758,000	17,123,000	141,000	128,000	13,417,000	9,948,000
Consolidated Bank & Trust Co., Richmond (b)	43,400,990	39,096,000	47,970,041	43,287,000	481,576	488,000	28,584,263	25,608,000
WASHINGTON								
Liberty Bank, Seattle (b)	14,754,000	15,444,000	16,455,000	16,955,000	132,000	95,000	7,916,000	6,020,000
WISCONSIN								
North Milwaukee State Bank, Milwaukee (b)	15,525,000	12,781,000	21,986,000	15,796,000	150,000	104,000	9,565,000	6,021,000

* — Minority-owned institutions which are eligible for the Government Minority Bank Deposit Program. (a) — Asian American-owned; (b) — Black-owned; (c) — Hispanic American-owned; (d) — Native American-owned; (e) — Multi-racial-owned; (f) — Women-owned

Top Minority-Owned Institutions

Listed by Assets, Net Income, and Minority Type

TEN LARGEST MINORITY BANKS — BY ASSETS	12/31/84
Capital Bank, Miami	533,399,470
International Bank of Commerce, Laredo	440,314,000
United Bank Alaska, Anchorage	385,013,000
Bank of Miami	338,217,090
Cathay Bank, Los Angeles	276,545,229
Bank of Guam, Agan	170,535,000
Banco Popular de Puerto Rico, New York	193,319,000
Golden Pacific National Bank, New York	143,094,000
Los Angeles National Bank	115,602,000
Sunshine State Bank, S. Miami	111,671,000

TEN LARGEST MINORITY BANKS — BY NET INCOME	12/31/84
Capital Bank, Miami	6,447,286
United Bank Alaska, Anchorage	5,513,000
International Bank of Commerce, Laredo	4,033,000
Bank of Guam, Agana	3,027,000
Cathay Bank, Los Angeles	2,236,310
El Pueblo State Bank, Espanola	1,655,000
First Texas Bank, Dallas	1,428,000
Seaway National Bank, Chicago	1,003,335
Far East National Bank, Los Angeles	963,000
Golden Pacific National Bank, New York	819,000

LARGEST MINORITY BANKS — BY TYPE	Assets 12/31/84
Largest Asian-American Banks	
Cathay Bank, Los Angeles	276,545,229
Golden Pacific National Bank, New York	143,094,000
California National Bank, San Francisco	58,166,804
Largest Black Banks	
Seaway National Bank, Chicago	103,203,218
Freedom National Bank, New York	99,667,000
First Bank NA, Cleveland	79,254,000
Largest Hispanic American Banks	
Capital Bank, Miami	533,399,470
International Bank of Commerce, Laredo	409,081,000
Bank of Miami	338,217,090
Largest Native American Banks	
United Bank Alaska, Anchorage	385,013,000
American Indian National Bank, Washington, D.C.	26,425,000
Lumbee Bank, Pembroke	12,374,000
Largest Multi-Racial Banks	
Bank of Guam, Agana	170,535,000
Omni Bank NA, Monterey Park	98,953,000
Bank of Honlulu	56,056,247
Largest Women Banks	
Women's Bank NA, Denver	43,959,000
First Women's Bank, New York	43,323,000
First Women's Bank of Maryland, Rockville	36,120,533

Lack of Capital Causes Some Banks to Leave Minority Hands

Continued from Page 1
tion, and decay within the inner city where, according to the National Bankers Association, most minority-owned banks are based. The NBA is a trade association for minority-owned commercial banks.

These are among the points made by minority bankers in connection with the second *American Banker* statistical survey of minority-owned commercial banks.

The Rainbow Banks

	(Assets 000)
Top Asian-American Bank	
Cathay Bank, Los Angeles	$276,545
Top Black Bank	
Seaway National Bank, Chicago	$103,203
Top Hispanic Bank	
Capital Bank, Miami	$533,399
Top Native American Bank	
American Indian Nat'l Bank, D.C.	$26,425
Top Multi-Racial Bank	
Bank of Guam, Agana	$170,535
Top Woman's Bank	
Women's Bank NA, Denver	$43,959

Tables on the survey findings include a listing of minority-owned institutions as identified by the Treasury Department and the Federal Reserve Board. The *American Banker* also has identified the top banks in each category: Asian-American, black, Hispanic-American, Native American/Eskimo/Aleut, multiracial, and women.

Among the minority-owned banks, deposits as of Dec. 31, 1984, increased 10.2% to $4.4 billion from $4.0 billion on Dec. 31, 1983. For the same period, assets rose 9.1% to $5.1 billion, from $4.7 billion.

However, although these figures show that assets and deposits grew more quickly at the minority-owned institutions than at the mainstream banks, Andrew F. Brimmer of Brimmer & Co., a Washington, D.C.-based consulting firm, pointed out that the minority banks' share of total deposits and assets at all commercial banks in the United States showed only a modest increase.

At the end of 1984, minority-bank deposit share increased to .28% from .27%. Asset share grew to .24% from .23%.

Mr. Brimmer said minority-owned institutions face challenges in the financial market today because of their size. "Since the minority institution is small, [minority-owned banking institutions] have a very difficult time competing in the urban market," he said.

Some Minority Banks Give Up, Sell Out

He noted that minority banks "need to raise more capital, but because of their size, they're having a difficult time." To avoid this difficulty, some of these banks have sold out to majority ownership, he said, adding that "one of the two D.C.-area [minority-owned] commercial banks" has joined the mainstream ranks.

Since the end of 1983, six institutions formerly listed by Treasury and the Fed as owned by minorities are no longer listed in that category, including two banks that had been owned by women.

Mr. Brimmer identified management as another problem facing the minority institution, but he said this is no longer as large a problem as it once was. Management has matured at the minority bank, he explained, and more experienced personnel are moving from mainstream institutions — where they feel less opportunity for advancement — to minority banks.

This strengthening of management abilities may be why, according to a release from the National Bankers Association prior to its convention Oct. 13-16 in Detroit, these community banks today feel more capable of adapting to the swift changes in the financial service market.

The association's release also said: "Minority bankers eagerly move away from tradition as they embrace all the changes that can enhance their own

➡ Minority: Page 13

Court Tells Policeman Citibank Not Negligent

Special to the American Banker

NEW YORK — A New York City policeman who was injured by a berserk Citibank customer cannot sue the bank for negligence, a state supreme court justice ruled last week.

Justice George Bundy Smith dismissed a $25 million damage suit against Citibank by police officer Joseph Revello, who was injured when he was splashed with battery acid by a 71-year-old man outside a Greenwich Village bank branch.

Anthony Caggiano, the Citibank customer, went on a window smashing rampage in June 1984 when the bank delayed his request for a withdrawal of money from his account.

After stripping to his underwear and threatening the bank manager with a two-by-four, he was given two checks totaling $98,000.

The police arrived at about the same time and took him into custody. But apparently he was released, and 30 minutes later he returned to renew his window smashing rampage. He also threatened to throw battery acid on bank employees, and police were summoned a second time.

While subduing Mr. Caggiano, Officer Revello was splattered with acid. This resulted in an impairment of his vision that forced him to retire.

Officer Revello sued the bank, claiming that it was responsible for the "dangerous and hazardous condition" that caused his injuries.

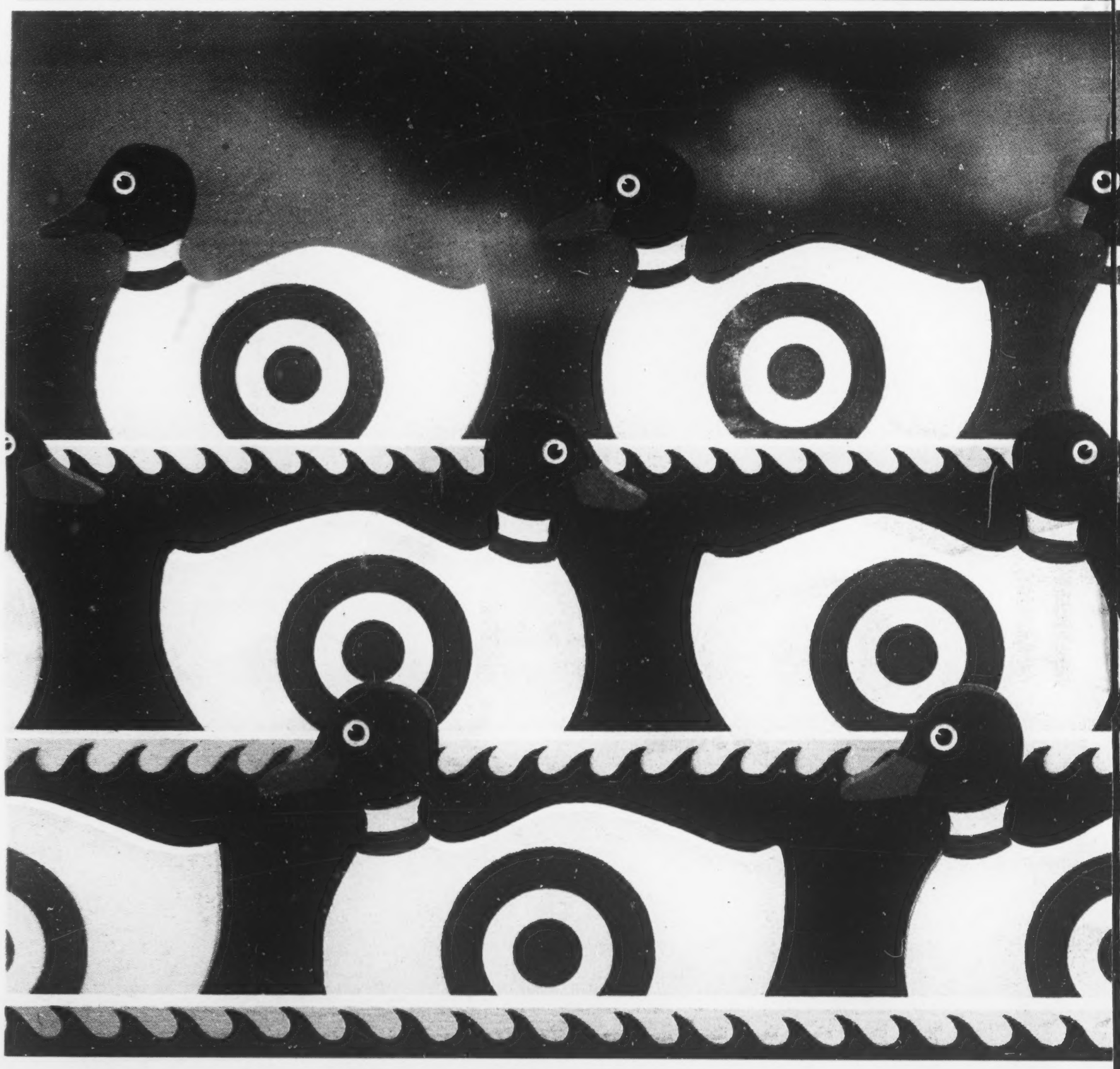
He also charged that bank employees negligently failed to warn him that Mr. Caggiano had acid.

Justice Smith found, however, that the police had plenty of warning of the danger.

He noted that a bank "owes a single duty of reasonable care, and foreseeability is the measure of liability."

"Furthermore," he added, "evidence of negligence is not enough by itself to establish liability." It must also be proved that the negligence "was the cause of the event which produced the harm sustained."

The court concluded that the plaintiff had failed to demonstrate the liability of Citibank and dismissed the complaint. ■



Some bankers think the

An estimated 5,000 U.S. banks will disappear this decade due to mergers, acquisitions, and increased competition.

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Dear Reader, How Are We Doing?

Would you spend a moment to give us some feedback on the **Minority-Owned Commercial Banks** survey that appears in today's edition? Please return this questionnaire to L. Michael Cacace, Statistical Chief, American Banker, One State Street Plaza, New York, N.Y. 10004 (212) 943-4836.

(1.) How would you **change** the tabulation to make it more useful? What would you add?

_____

(2.) What do you like **best** about this tabulation?

_____

(3.) What do you like **least** about this tabulation?

_____

(4.) **How** do you use this information in your work?

_____

Name (optional)_____

Title_____

Company_____

Address_____

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Phone_____

Minority Banks Know the Inner City

Continued from Page 12

positions. They acknowledge that the most profitable bank customers are activists — not traditionalists. Thus, the growth of the information services business is assured. The NBA itself predicts that growth will be at least 20 times its present size in the next 10 to 15 years."

Despite the associated problems, many minority-bank officers said they view small size as a blessing. Currently, according to the NBA, these officers are committing most of their time to planning, and because their institutions are small, they find they can adjust to change more easily than the larger, mainstream counterpart that tends to get bogged down by several tiers of management.

Small Banks Have Community Ties

And, according to the association, their smallness guarantees continued strong links to the community base that these banks rely on, giving them greater sensitivity to the economic well-being of the inner city.

The NBA has begun a call for diversification of its constituency and greater emphasis on commercial lending to be better able to compete with the "megabanks" that dominate the urban financial scene.

Charles E. Allen, president-elect of the National Bankers Association and also president and chief executive officer of Independence National Bank, in Detroit, stated in the NBA release that he is looking "to forge an alliance" with other minority organizations — such as the National Association of Urban Bankers, the National Association of Minority Enterprise Small Business Investment Corp., and the American Savings and Loan League "to promote greater economic participation in our communities."

Further, with the major competition coming from the giant majority banks, the NBA is seeking to lure these banks into the association as affiliates.

Survey findings included:

- Net income for the minority banks in the 1985 listing totaled $24.8 million, up 3.0% from the 1983 total of $24.1 million.
- Total net loans increased 20.4% to $2.3 billion from $1.9 billion in the previous year.
- As of Dec. 31, 1984, Hispanic-American banks held the largest share of minority-bank deposits, with $2.1 billion, or 46.6%. Black-owned banks were second with $1.3 billion, or 29.4% of the total deposits; and Asian-American banks were third with $466.3 million, or 10.2%.
- Among the 90 institutions for which two years of data were available, 58 showed an improvement in net income from the previous year. ■

Continental Illinois Sues Ex-Penn Square Chief

Special to the American Banker

OKLAHOMA CITY — Continental Illinois is seeking enforcement of a $3 million guaranty agreement executed by Bill P. Jennings, former chairman of the failed Penn Square Bank.

The bank filed a suit in federal district court in Oklahoma City Oct. 3 that names Mr. Jennings and Charles M. Hall of Houston. Mr. Hall also signed a guaranty agreement for $3 million. Both were delivered to Penn Square on June 2, 1981, according to the suit.

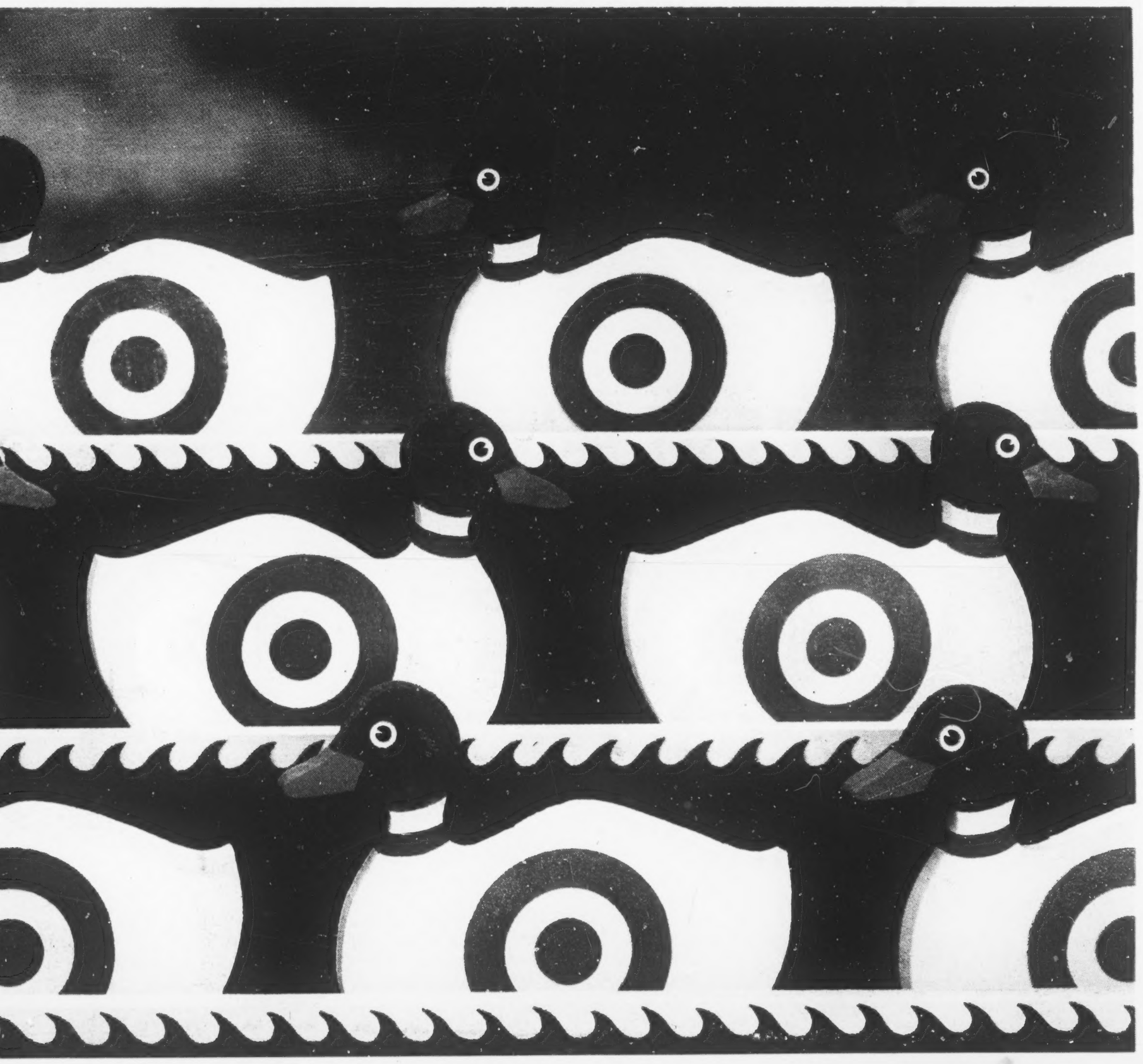
The suit makes reference to a $10.7 million loan to Texas Upsetting and Finishing Inc. arranged by Penn Square that was upstreamed to Continental Illinois, one of many such participation loans arranged between the two banks during Penn Square's heyday.

The suit claims Mr. Hall and Mr. Jennings are liable for $3 million each for the $10.7 million loan to Texas Upsetting and Finishing, which has not made good on the note. Mr. Hall is said to owe an additional $100,000 specified in a separate guaranty agreement.

Although the FDIC typically seeks recovery of bad loans as receiver for Penn Square, declared insolvent in July 1982, the suit notes that Continental Illinois National Bank and Trust Co. has been authorized to pursue collection of the $10.7 million debt.

A steady flow of upstream loans to Continental Illinois during the oil boom of the early 1980s later turned stagnant and created problems for the money center bank after oil prices dropped and Penn Square was shut down.

This latest suit joins dozens of others filed in federal court in Oklahoma City seeking to salvage some value from failed credits arranged by Penn Square. ■



y can duck the inevitable.

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Here's just one success story: After First Interstate Bank of Hawaii changed its name, the number of personal checking accounts jumped 28%. President and CEO Donald MacGregor says the public saw his bank being "larger and more powerful."

He also says, "If I had to do it all over again, I wouldn't walk this time, I'd run."

So don't just sit there. Learn more about our franchising program. Call John Dean, President, First Interstate System, Inc., at (213) 614-3043.

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